

Message Text

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ACTION SS-25

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FM AMEMBASSY MEXICO

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S E C R E T SECTION 1 OF 2 MEXICO 11132

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E.O. 11652: GDS

TAGS: PFOR, MX

SUBJ: SUGGESTIONS FOR BETTERING RELATIONS WITHIN LATIN AMERICA

REF: STATE 282526

1. SUMMARY: AS WITH THE ANNUAL CASP REVIEW, I AND OTHER MEMBERS OF THE EMBASSY COUNTRY TEAM HAVE FOUND IT BENEFICIAL AGAIN TO REVIEW IN DETAIL UNITED STATES RELATIONS WITH MEXICO IN A SEARCH FOR IMPROVEMENT. OUR FRANK CONCLUSION IS THAT WHILE THERE IS MUCH TO THINK ABOUT FOR THE MEDIUM AND LONG TERM, THERE ARE ONLY A FEW SPECIFIC "ACTIONS" THAT WE CAN RECOMMEND, WITHIN THE POWER OF THE EXECUTIVE TO PERFORM, THAT WOULD HAVE NOTICEABLY POSITIVE EFFECT ON US-MEXICAN RELATIONS IN THE SHORT-RUN. ITEMS RELATED TO TRADE ARE THE PRINCIPAL ITEMS, ON THE OTHER HAND, THERE ARE VARIOUS ACTIONS THAT COULD HAVE A DELETERIOUS EFFECT. NUMBER ONE IN THIS CATEGOY IS THE IDB DAIRY LOAN.

END SUMMARY.

2. WE SEE LITTLE NEED TO DESCRIBE IN DETAIL THE BACKGROUND OR PRESENT STATE OF US-MEXICAN RELATIONS TO THE RECIPIENTS OF THIS TELEGRAM, AND SEVERAL OBSERVATIONS MAY SUFFICE. IN THE COMPLEX MULTITUDE OF RELATIONS BETWEEN THE UNITED STATES AND MEXICO, THERE IS NOT AT THE PRESENT TIME ANY SINGLE OUTSTANDING ISSUE SUCH AS THAT OF THE COLORADO RIVER PROBLEM WHOSE RESOLUTION COULD HAVE A REASONABLY PROMPT BENEFICIAL

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EFFECT. WITH THE EXCEPTION OF TRADE, OUR "POOR" RELA-

TIONS WITH MEXICO SEEM TO SHOW UP IN MULTINATIONAL FORUMS.
THERE ARE ALSO SOME SPECIAL PROBLEMS.

3. TRADE AND ECONOMIC PROBLEMS. TRADE IS A PROBLEM OF MAJOR PROPORTIONS. NOT ONLY THE ECHEVERRIA ADMINISTRATION, BUT EVERY SUCCEEDING GOM ADMINISTRATION, WILL BE VITALLY CONCERNED WITH THE ECONOMIC GROWTH NEEDED TO AVOID MAJOR DISRUPTIONS IN THE MEXICAN SOCIAL STRUCTURE. EXPANDING EXPORTS HAVE BEEN A KEY PART OF MEXICO'S GROWTH STRATEGY. BECAUSE MEXICO, UNLIKE OTHER NATIONS, SENDS TWO-THIRDS OF ITS EXPORTS TO THE US AND IMPORTS TWO-THIRDS OF ITS NEEDS FROM THE US, IT IS EXTREMELY SENSITIVE TO US ECONOMIC CONDITIONS AND US TRADE POLICY. IN CONTRAST TO MANY OTHER CURRENT US-MEXICAN "PROBLEMS," E.G., CERDS, WHICH MAY REVOLVE AROUND PRESIDENT ECHEVERRIA'S PERSONAL AMBITIONS, AND ARE SHARED BY FEW MEXICANS OUTSIDE HIS IMMEDIATE COTERIE AND MAY BE TRANSITORY, CONCERN OVER TRADE RELATIONS WITH THE US IS WIDELY SHARED AND WILL REMAIN AN ISSUE BEYOND THIS ADMINISTRATION.

SHORT OF EXTRAORDINARY EFFORTS BY THE UNITED STATES, RELATIONS IN THE TRADE AREA WILL GROW WORSE -- FOR MEXICO'S ECONOMIC DEVELOPMENT IS LOSING ITS RACE WITH POPULATION GROWTH AND RISING EXPECTATIONS. BLAMING THE UNITED STATES MAY POSTPONE THE DAY OF SOCIAL RECKONING. BY USUAL STANDARDS, THE BENEFITS TO MEXICO OF THE US SCHEME OF GENERALIZED SPECIAL PREFERENCES WAS AND IS AN "EXTRAORDINARY EFFORT" YET IT HAS BEEN GREETED IN MEXICO WITH MUCH CRITICISM AS TOO LITTLE TOO LATE AND HEDGED WITH TOO MANY SAFEGUARDS FOR US INTERESTS.

IN THIS AREA, IT IS WITHIN THE POWER OF THE EXECUTIVE BRANCH IN WASHINGTON TO KEEP THE GOM INFORMED OF PENDING COUNTERVAILING, ANTI-DUMPING OR ESCAPE CLAUSE ACTIONS, TO CONSULT MORE AND GENERALLY TO GIVE THE IMPRESSION THAT TOP OFFICIAL PERSONS IN THE US AGENCIES CONCERNED DO TAKE INTO ACCOUNT THE EFFECTS ON MEXICO OF VARIOUS US ACTIONS. MOREOVER, I STRONGLY RECOMMEND THAT IN MAKING ANY DECISION ON THESE MATTERS, THE FACT THAT MEXICO IMPORTS TWO-THIRDS OF ITS NEEDS FROM US AND THAT THE TRADE BALANCE IS ALREADY

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HEAVILY WEIGHTED IN OUR FAVOR, SHOULD BE KEPT FIRMLY IN MIND.

IT WOULD BE HELPFUL GENERALLY FOR THE US TO SUPPORT MEXICO'S EXTERNAL BORROWING EFFORTS. THE USG HAS A DIRECT ROLE TO PLAY HERE IN REGARD TO THE IFI'S AND THROUGH OUR SWAP AGREEMENTS.

IN THE LONG RUN, ONCE POLICY-LEVEL OFFICIALS
RECOGNIZE THE ALMOST INCREDIBLE PROBLEMS THE UNITED
STATES COULD FACE WITHIN 40 YEARS WITH A MEXICO OF
POSSIBLY 240 MILLION PERSONS WITH FALLING STANDARDS OF
LIVING, WE MAY WISH TO WORK WITH CONGRESS TO SEEK THE
ENACTMENT OF SPECIAL, EVEN PREFERENTIAL MEASURES
HELPFUL TO MEXICAN ECONOMIC DEVELOPMENT.

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4. MULTINATIONAL PROBLEMS. FOR VARIOUS REASONS, INCLUDING DOMESTIC LEFTIST PRESSURES AND THE PERSONAL AMBITIONS OF PRESIDENT ECHEVERRIA, MEXICO HAS CHOSEN IN MULTINATIONAL FORUMS NOT ONLY TO SUPPORT MEASURES DISTASTEFUL TO THE UNITED STATES, E.G., ANTI-ZIONISM RESOLUTION, BUT HAS TAKEN THE LEAD IN INTRODUCING RESOLUTIONS AND CONCEPTS UNACCEPTABLE TO THE UNITED STATES. AS FAR AS MEXICO IS CONCERNED, WE DO NOT SHARE THE VIEW RECENTLY ESPoused BY THE DEPARTMENT THAT "GOOD" RELATIONS WOULD MANIFEST THEMSELVES IN SUPPORT FOR US POSITIONS IN INTERNATIONAL FORUMS. INDEED, WE BELIEVE THAT WE DO MUCH DAMAGE DAY-TO-DAY TO US-MEXICAN RELATIONS BY "ARM TWISTING" ON VOTES WE ARE UNLIKELY TO WIN ANYWAY. SINCE, FOR THE FORESEEABLE FUTURE, MEXICO WILL CONTINUE TO CULTIVATE THIRD WORLD TIES, AND SINCE THE LDCS WILL ALWAYS BE ABLE TO SWAMP THE USG WITH LARGE MAJORITIES IN THE GENEAL ASSEMBLY AND IN UN SPECIALIZED AGENCIES, IT SEEMS WASTEFUL -- AND USUALLY FUTILE -- TO SPEND POLITICAL CREDIT TO TRY AND GET MEXICO TO VOTE WITH THE UNITED STATES ON ISSUES WHERE WE ARE SURE IN ADVANCE THE VOTING

PETTERN WILL FIND US ALONE WITH PERHAPS ISRAEL AND NICARAGUA.

ON THE OTHER HAND, WE BELIEVE THERE IS MORE TO BE LOST THAN
GAINED BY REVERSING THE USG POSITION ON CERDS AND THE NIEO.
TO DO SO WOULD BE TO ABANDON OUR OWN INTERESTS WITH
LITTLE IF ANY IMPROVEMENT IN US-MEXICAN RELATIONS,
AT LEAST UNTIL THE NEXT MEXICAN ADMINISTRATION COMES

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TO POWER.

5. SPECIAL PROBLEMS.

A. DAIRY LOAN. BECAUSE OF THE INVOLVEMENT OF THE
PRESIDENT'S FAMILY AND THE PRESIDENTIAL INTEREST, INSISTENCE
BY THE USG ON THE FURTHER INDEFINITE POSTPONMENT OR SUBSTANTIAL
REFORMULATION OF THIS LOAN COULD HAVE SOME BAD REPERCUSSIONS. ON
THE OTHER HAND, LETTING THE LOAN GO THROUGH UNCHANGED
COULD HAVE UNFORTUNATE EFFECTS ON MEXICO AND ALL OF LATIN
AMERICA. THE SITUATION IS NOT EASED BY THE PRESIDENT
HAVING SENT AN EXTRAORDINARY MEMO TO ME
DESCRIBING THE AUSTERE AND HONEST WAYS OF THE ECHEVERRIA
FAMILY. THE POTENTIAL FOR RESENTMENT IS VERY GREAT.

B. IMMIGRATION AND MIGRATION. US IMMIGRATION POLICY
AND THE MEASURES ADOPTED TO COPE WITH MEXICAN ILLEGALS
ALREADY IN THE UNITED STATES IMPINGE DIRECTLY ON THE
ALL-ENCOMPASSING ISSUE OF ECONOMIC GROWTH DESCRIBED
IN PARAGRAPH THREE ABOVE, AND ARE AMONG THE ISSUES
OF AWARENESS TO ALMOST ALL MEXICANS. WHILE WE MAY
STRENGTHEN BARRIERS TO FURTHER ILLEGAL ENTRIES, A HIGH-
LEVEL STATEMENT BY THE EXECUTIVE THAT IT IS NOT USG
POLICY TO CARRY OUT MASSIVE DEPORTATIONS OF "RESIDENT"
ILLEGALS AND WOULD OPPOSE ANY CONGRESSIONAL INITIATIVES
TO THIS END, WOULD HAVE SUBSTANTIAL BENEFICIAL RESULTS.

C. POSITIONS IN INTERNATIONAL ORGANIZATIONS. THERE
MAY BE SOME MILEAGE TO BE MADE IN SUPPORTING MEXICANS
FOR VARIOUS POSITIONS IN INTERNATIONAL ORGANIZATIONS.
THE GOM, APPARENTLY AT THE PERSONAL BEHEST OF PRESIDENT
ECHEVERRIA, HAS FOR MONTHS BESEECHED US TO SUPPORT THE
CANDIDACY OF ATTORNEY GENERAL PEDRO OJEDA PAULLADA FOR
THE CHAIRMANSHIP OF THE COMMISSION ON NARCOTIC DRUGS IN
GENEVA FOR 1976. BECAUSE OF A SOMEWHAT CLIQUISH/CLANNING
SET OF RULES IN THAT BODY (AND MANY OTHER INTERNATIONAL
ORGANIZATIONS), THE CHAIRMANSHIP IS SLATED TO GO TO THE
USSR REPRESENTATIVE. WE HAVE APPEARED GRUDGING IN HAVING
GONE ALONG WITH MEXICO PART OF THE WAY, AGREEING TO
SUPPORT OJEDA ONLY IF THE GOM ON ITS OWN CAN PERSUADE
THE RUSSIANS TO FOREGO THEIR "RIGHT," IN ESSENCE, TO

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WITHDRAW THEIR CANDICAY FOR THIS YEAR. THE GOM EFFORTS HAVE NOT, TO THIS POINT, BEEN SUCCESSFUL, AND THE MEXICANS CONTINUE TO SOLICIT OUR SUPPORT FOR THEIR CANDIDACY. I UNDERSTAND THAT OBJECTIONS IN THE DEPARTMENT TO OUR UNDERTAKING A MORE ACTIVE ROLE ARE BASED UPON CONSIDERATIONS OF US-SOVIET RELATIONS. WE, OF COURS, ARE NOT IN A POSITION TO EVALUATE ALL THE PROS AND CONS ON THIS ISSUE. I HAVE NO DOUBT, HOWEVER, THAT IF WE COULD SEE OUR WAY CLAR TO OFFER MORE POSITIVE SUPPORT FOR THE MEXICAN CANDIDACY (PERHAPS BY AT LEAST SUGGESTING TO THE SOVIETS TO POSTPONE THEIR CLAIM FOR ONE YEAR), WE WOULD WIN CONSIDERABLE GRATITUDE FROM THE GOM. AS THINGS NOW STAND, THAT GRATITUDE MAY GO TO THE RUSSIANS IF, HOWEVER RELUCTANTLY, THEY WITHDRAW AT MEXICO'S REQUEST.

D. INCREASED BILATERAL COOPERATION. THERE ARE SOME LIMITED, BUT LASTING, BENEFITS TO BE GAINED BY PROPOSING AND IMPLEMENTING BILATERAL TECHNICAL AGREEMENTS IN THE FIELD OF AGRICULTURE, ENVIRONMENT, AND OFFSHORE DEVELOPMENT. THIS IS PARTICULARLY THE CASE IF US-MEXICAN COOPERATION CAN BE SHOWN AS REASONABLY BENEFICLA TO OTHER COUNTRIES, SUCH FOR EXAMPLE AS THE OPERATIONS OF CIMMYT IN DEVELOPING "MIRACLE" GRAINS. THE US EXECUTIVE BRANCH COULD DO MORE TO HELP IMPLEMENT EXISTING SCIENCE AGREEMENTS, PARTICULARLY THE EXCHANGES.

IN HIS SPEECH BEFORE THE SEVENTH UNGA SPECIAL SESSION, SECRETARY KISSINGER EMPHASIZED UNITED STATES INTEREST IN PROMOTING BOTH FOOD PRODUCTION AND DEVELOPMENT OF LABOR-INTENSIVE TECHNOLOGY SUITABLE TO LDC NEEDS. MEXICO'S RETARDED RURAL SECTOR IS AN AREA IN WHICH BOTH THESE INTERESTS MIGHT BE FOCUSED -- BOTH TO SCORE POINTS WITH MEXICO AND, JUST AS IMPORTANT, TO DISCOURAGE FLOW OF OLLEGAL MIGRANT LABOR TO U.S. THIS IS, OF COURSE, ALSO AN AREA WHICH WILL REQUIRE CAREFUL, LONGER-TERM STUDY. BUT A LETTER FROM PRESIDENT FORD OR SECRETARY KISSINGER OFFERRING TO EXPLORE RPT EXPLORE WITH MEXICANS POSSIBILITIES FOR JOINING BILATERAL EFFORTS TO INCREASE MEXICAN FOOD PRODUCTION VIA LABOR-INTENSIVE METHODS MIGHT STRIKE A RESPONSIVE CHORD WITH

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